



INSURANCE FRAUD INVESTIGATION DIVISION

Kentucky Office of Insurance

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Charges and Convictions Activity – February 2006

Branham Transport, Inc. – On or about 7/7/04, Branham Transport, Inc. (Branham), presented a fraudulent certificate of workers' compensation coverage to M&D Pipeline in order to obtain work. On or about 7/14/04, Branham presented a fraudulent certificate of workers' compensation insurance to Premier Elkhorn Coal in order to obtain work. On 1/12/06, Branham was charged with two felony counts of fraudulent insurance acts in Pike Circuit Court. On 2/9/06, Branham pled guilty to the amended misdemeanor charges of fraudulent insurance acts, and was ordered to pay \$2,000.00 (\$5,000.00 on each count with \$4,000.00 on each count suspended) to the Fraud Division for investigative expenses.

James Dixon – On 9/13/04 and 7/5/05, Dixon presented a fake insurance identification card to the Carter County Clerk in order to register vehicles. On 11/16/05, Dixon was charged with one felony count of fraudulent insurance acts in Carter District Court. On 1/25/06, Dixon pled guilty to the amended misdemeanor charge of fraudulent insurance acts. He was sentenced to 12 months conditionally discharged for two years and ordered to pay \$3,000.00 to the Fraud Division for investigative expenses.

Gary Slater – Slater (along with defendants Oliver Bruce Hurley, Charles William Johnston, and Carolyn Gambrel) operated an employee leasing company, which provided coal miners to coal mining operations. They were required under Kentucky law to maintain workers' compensation insurance for their employees. They defrauded their workers' compensation carriers, Kentucky Employers Mutual Insurance, Birmingham Fire Insurance, and Commerce and Industry Company, by greatly under-reporting the number of employees on insurance forms. They also created two companies with similar names but only purchased workers' compensation coverage for the company with the smallest number of employees. The amount of loss to the insurance companies is approximately \$6,000,000.00. Defendants would convert these proceeds to cash by writing checks to Gambrel's Foodmart for nonexistent goods and services. Carolyn Gambrel would cash the check, take a small fee, and give the cash to Slater or Hurley. On 3/3/05, Slater was charged with eight counts of mail fraud, one count of money laundering, two counts of criminal forfeiture in U.S. District Court Eastern District of Kentucky, in Lexington. On 12/21/05, a federal jury found Slater guilty of eight felony counts of mail fraud and one felony count of money laundering. He was sentenced to nine years in prison followed by three years of supervised release. He was ordered to pay \$5,135,054.18 in restitution.